



General Assembly

February Session, 2010

***Raised Bill No. 450***

LCO No. 2338

\* \_\_\_\_SB00450CE\_\_\_\_031910\_\_\_\_\*

Referred to Committee on Commerce

Introduced by:  
(CE)

***AN ACT ESTABLISHING A REVOLVING LOAN FUND FOR SMALL BUSINESSES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective from passage and applicable to taxable years*  
2       *commencing on or after January 1, 2010*) (a) For purposes of this section:

3       (1) "TARP bonus" means aggregate disqualified bonus payments of  
4       one million dollars or more received from covered TARP recipients,  
5       where such bonus represents a payment received in the taxable year  
6       commencing January 1, 2010, or January 1, 2011, or award for work  
7       performed during the taxable year commencing January 1, 2010, or  
8       January 1, 2011. "TARP bonus" includes, but is not limited to, cash,  
9       loans, payments received in a medium other than cash, or  
10      arrangements for payments to be awarded in the future.

11      (2) "Covered TARP recipient" means (A) any entity that, on or after  
12      December 31, 2007, received funds directly from the federal Troubled  
13      Assets Relief Program established pursuant to P.L. 110-343, (B) any  
14      entity that is a member of the same affiliated group, as defined in  
15      Section 1504 of the Internal Revenue Code of 1986, or any subsequent

16 corresponding internal revenue code of the United States, as amended  
17 from time to time, as an entity, association or corporation described in  
18 subparagraph (A) of this subdivision, and (C) any partnership, if more  
19 than fifty per cent of the capital or profits interests of such partnership  
20 are owned, directly or indirectly, by one or more entities, associations  
21 or corporations described in subparagraph (A) or (B) of this  
22 subdivision.

23 (3) "Disqualified bonus payment" means any retention payment,  
24 incentive payment or other bonus paid by a covered TARP recipient  
25 that is in addition to any amount payable to a taxpayer for services  
26 performed by such taxpayer at a regular hourly, daily, weekly,  
27 monthly or similar periodic rate. "Disqualified bonus payment" does  
28 not include commissions, welfare or fringe benefits or expense  
29 reimbursements.

30 (4) "TARP" means the federal Troubled Assets Relief Program  
31 established under P.L. 110-343.

32 (5) "Taxpayer" means any person, trust or estate subject to the tax  
33 imposed by chapter 229 of the general statutes.

34 (b) Notwithstanding the provisions of section 12-700 of the general  
35 statutes, for taxable years commencing on January 1, 2010, and January  
36 1, 2011, a taxpayer who receives a TARP bonus shall pay a tax on such  
37 bonus at a rate of eight and ninety-seven-hundredths per cent. Such  
38 TARP bonus shall not be subject to the provisions of section 12-700 of  
39 the general statutes, but any income received by such taxpayer in  
40 addition to such TARP bonus shall continue to be subject to the  
41 provisions of section 12-700 of the general statutes.

42 (c) The provisions of this section shall not apply to a taxpayer who  
43 irrevocably waives his or her right to the full amount of a TARP bonus  
44 or returns the full amount of such bonus to the covered TARP recipient  
45 prior to December thirty-first of the applicable taxable year, provided  
46 the taxpayer receives no benefit from the covered TARP recipient in  
47 connection with the waiver or return of such bonus.

48 (d) Any reimbursement to a taxpayer by a covered TARP recipient  
49 of the tax imposed by this section shall be treated as a disqualified  
50 bonus payment to the taxpayer liable for such tax.

51 (e) The provisions of this section shall apply to any bonus received  
52 by a taxpayer from a covered TARP recipient, regardless of whether  
53 such covered TARP recipient has repaid in full or in part to the federal  
54 government any funds received pursuant to the Troubled Assets Relief  
55 Program.

56 (f) Any covered TARP recipient that pays or awards a TARP bonus  
57 of one million dollars or more during the taxable years commencing  
58 January 1, 2010, and January 1, 2011, shall comply with the provisions  
59 of sections 12-705 and 12-706 of the general statutes, as applicable.

60 Sec. 2. Subdivision (8) of subsection (a) of section 12-701 of the 2010  
61 supplement to the general statutes is repealed and the following is  
62 substituted in lieu thereof (*Effective from passage and applicable to taxable*  
63 *years commencing on or after January 1, 2010*):

64 (8) "Connecticut taxable income of a resident" means the  
65 Connecticut adjusted gross income of a natural person with respect to  
66 any taxable year reduced by (A) the amount of the exemption  
67 provided in section 12-702, and (B) for applicable taxable years, the  
68 amount of any TARP bonus, as defined in section 1 of this act.

69 Sec. 3. (NEW) (*Effective July 1, 2010*) (a) As used in this section,  
70 "small business" means a business employing fewer than fifty people.

71 (b) The Department of Economic and Community Development  
72 shall establish a small business assistance program to provide direct  
73 loans and loan guarantees to small businesses.

74 (c) As part of the small business assistance program, the department  
75 may: (1) (A) Guarantee, make an advance commitment to guarantee or  
76 cause to be guaranteed loans to small businesses, or (B) in the case that  
77 loans are not made available in the private market in connection with

78 such guarantees, make or cause to be made direct loans to any  
79 qualified business; (2) make or cause to be made, direct loans to any  
80 small business; and (3) enter into participation agreements with other  
81 state or federal agencies, provided such agreements shall be limited to  
82 loans and loan guarantees that meet the requirements of the program  
83 established pursuant to this section.

84 (d) There is established an account to be known as the "small  
85 business assistance account" which shall be a separate, nonlapsing  
86 account within the General Fund. The account shall contain any  
87 moneys required by law to be deposited in the account. Moneys in the  
88 account shall be expended by the Department of Economic and  
89 Community Development for the purposes of providing the loans and  
90 loan guarantees in the small business assistance program.

91 Sec. 4. (*Effective July 1, 2010*) (a) For the purposes described in  
92 subsection (b) of this section, the State Bond Commission shall have  
93 the power, from time to time, to authorize the issuance of bonds of the  
94 state in one or more series and in principal amounts not exceeding in  
95 the aggregate twenty million dollars.

96 (b) The proceeds of the sale of said bonds, to the extent of the  
97 amount stated in subsection (a) of this section, shall be deposited into  
98 the small business assistance account established pursuant to section 3  
99 of this act, to be used by the Department of Economic and Community  
100 Development for the purposes of the small business assistance  
101 program.

102 (c) All provisions of section 3-20 of the general statutes, or the  
103 exercise of any right or power granted thereby, which are not  
104 inconsistent with the provisions of this section are hereby adopted and  
105 shall apply to all bonds authorized by the State Bond Commission  
106 pursuant to this section, and temporary notes in anticipation of the  
107 money to be derived from the sale of any such bonds so authorized  
108 may be issued in accordance with said section 3-20 and from time to  
109 time renewed. Such bonds shall mature at such time or times not

110 exceeding twenty years from their respective dates as may be provided  
 111 in or pursuant to the resolution or resolutions of the State Bond  
 112 Commission authorizing such bonds. None of said bonds shall be  
 113 authorized except upon a finding by the State Bond Commission that  
 114 there has been filed with it a request for such authorization which is  
 115 signed by or on behalf of the Secretary of the Office of Policy and  
 116 Management and states such terms and conditions as said commission,  
 117 in its discretion, may require. Said bonds issued pursuant to this  
 118 section shall be general obligations of the state and the full faith and  
 119 credit of the state of Connecticut are pledged for the payment of the  
 120 principal of and interest on said bonds as the same become due, and  
 121 accordingly and as part of the contract of the state with the holders of  
 122 said bonds, appropriation of all amounts necessary for punctual  
 123 payment of such principal and interest is hereby made, and the State  
 124 Treasurer shall pay such principal and interest as the same become  
 125 due.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2010</i>	New section
Sec. 2	<i>from passage and applicable to taxable years commencing on or after January 1, 2010</i>	12-701(a)(8)
Sec. 3	<i>July 1, 2010</i>	New section
Sec. 4	<i>July 1, 2010</i>	New section

***CE***      ***Joint Favorable***